

Message Text

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ORIGIN XMB-04

INFO OCT-01 ARA-10 ISO-00 AID-05 CIAE-00 COME-00 EB-07

FRB-01 INR-07 NSAE-00 RSC-01 TRSE-00 OPIC-06 SP-02

CIEP-02 LAB-04 SIL-01 OMB-01 PA-02 PRS-01 USIA-15

/070 R

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SPECIAL CHARGE: EXIMBANK

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R R 032145Z JAN 75

FM SECSTATE WASHDC

TO AMEMBASSY BRASILIA

INFO AMCONSUL RIO DE JANEIRO

UNCLAS STATE 001367

E.O. 11652: N/A

TAGS: APUB, BR

SUBJECT: PRESS RELEASE ON EXIMBANK CREDIT TO BRAZIL

FOLLOWING IS FINAL TEXT OF EXPORT-IMPORT BANK RELEASE ON THE
DIRECT CREDIT OF \$15,284,400 TO VIACAO AEREA SAO PAULO, S.A.
(VASP). RELEASE IS SCHEDULED FOR ANNOUNCEMENT HERE IN WASHINGTON,
D.C. FOR A.M. PAPERS, FRIDAY, JANUARY 10, 1975.

QUOTE: EXIMBANK CREDIT OF \$15,284,400 SUPPORTS NEARLY \$51
MILLION OF U.S. NEW AND USED AIRCRAFT TO BRAZIL

TO HELP FINANCE A \$50,948,000 SALE OF SIX NEW 737-200 AND ONE
USED 737-200 AIRCRAFT, SPARE PARTS AND RELATED GROUND EQUIPMENT
TO BRAZIL, THE BOARD OF DIRECTORS OF THE EXPORT-IMPORT BANK OF
THE UNITED STATES HAS AUTHORIZED A DIRECT CREDIT OF \$15,284,400
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TI FINANCE 30 PERCENT OF THE TOTAL U.S. COSTS, ACCORDING TO

EXIMBANK'S CHAIRMAN WILLIAM J. CASEY. A CREDIT OF \$30,568,800 FROM PRIVATE SOURCES NOT YET DESIGNATED WILL FINANCE 60 PERCENT OF THE U.S. COSTS. THE OBLIGOR, VIACAO AEREA SAO PAULO, S.A. (VASP), OF SAO PAULO, BRAZIL, WILL MAKE CASH PAYMENT OF THE BALANCE OF THE TOTAL U.S. COSTS OF 10 PERCENT OR \$5,094,800.

THREE OF THE NEW AIRCRAFT WILL BE PASSENGER PLANES AND THREE WILL BE CARGO AIRCRAFT. THE BOEING COMPANY OF SEATTLE, WASHINGTON, WILL MAKE DELIVERY OF TWO OF THE NEW PASSENGER AIRCRAFT IN MAY 1975, ONE PASSENGER AND TWO CARGO AIRCRAFT ARE SCHEDULED FOR DELIVERY IN NOVEMBER 1975, AND THE FINAL CARGO AIRCRAFT IN DECEMBER 1975. THE USED AIRCRAFT IS ALSO SCHEDULED FOR DELIVERY IN MAY 1975.

THE LOANS ARE TO BE REPAID IN TWO SCHEDULES OF 20 SEMIANNUAL INSTALLMENTS EACH BEGINNING NOVEMBER 5, 1975 AND MAY 5, 1976. EXIMBANK'S DIRECT CREDIT OF \$15,284,400 WILL BE REPAID OUT OF THE LAST 7 INSTALLMENTS OF EACH SCHEDULE WITH INTEREST AT 8 PERCENT PER ANNUM, WHICH WHEN BLENDED WITH THE PORTION OF THE CREDIT FROM PRIVATE SOURCES RESULTS IN AN ESTIMATED INTEREST COST TO THE BORROWER, BASED ON CURRENT RATES, OF ABOUT 9.7 PERCENT TO 9.95 PERCENT PER ANNUM. REPAYMENT OF EXIMBANK'S LOAN IS TO BE GUARANTEED BY BANCO NACIONAL DE DESENVOLVIMENTO ECONOMICO ON BEHALF OF THE NATIONAL TREASURY OF BRAZIL. UNQUOTE. KISSINGER

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: n/a
Control Number: n/a
Copy: SINGLE
Draft Date: 03 JAN 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Authority: n/a
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 JAN 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975STATE001367
Document Source: CORE
Document Unique ID: 00
Drafter: XMB:AMOHANIAN
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D750004-0227
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19750178/aaaacray.tel
Line Count: 85
Locator: TEXT ON-LINE, ON MICROFILM
Office: ORIGIN XMB
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: ShawDG
Review Comment: n/a
Review Content Flags:
Review Date: 01 APR 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <01 APR 2003 by SilvaL0>; APPROVED <12 FEB 2004 by ShawDG>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
05 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: PRESS RELEASE ON EXIMBANK CREDIT TO BRAZIL FOLLOWING IS FINAL TEXT OF EXPORT-IMPORT BANK RELEASE ON THE
TAGS: APUB, BR
To: BRASILIA
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006